



## OFFICE OF GOVERNOR MARK DAYTON

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# Budget for a Better Minnesota: Tax Reform

## A Fair Tax System for Minnesota

Minnesota's tax system is unfair and outdated. It is overly burdensome on the middle class, does not ask all Minnesotans to pay their fair share, and relies too heavily on property taxes. The Governor's budget asks the wealthiest 2% of Minnesotans to pay their fair share, closes corporate loopholes, and provides property tax relief for all Minnesota homeowners.

### What Does Comprehensive Tax Reform Include?

» **\$1.4 Billion in Direct Property Tax Relief.** The Governor's budget provides a rebate of up to \$500 for Minnesota homeowners. This will reduce the average homestead tax burden 22% in 2013, and cut taxes a total of \$1.4 billion in the FY 2014-15 biennium.

» **A Fair Income Tax.** The Governor's budget asks the wealthiest 2% of Minnesotans to pay the same share in taxes as other Minnesotans.

» **Historic Cut to the Sales Tax Rate.** The Governor's proposal represents the largest reduction to the sales tax rate in Minnesota history, from 6.875% to 5.5%. It saves Minnesotans nearly \$500 million on currently taxed items in the first year.

» **Helping Small Businesses.** The Governor's budget: 1) Helps Main Street businesses compete with online retailers; 2) lets small businesses claim an upfront tax exemption on capital purchases; and 3) reduces business property taxes \$120 million through 2017 by freezing the state business levy.

» **Cutting the Corporate Tax Rate.** The Governor's plan reduces the corporate tax rate by 14% – the largest reduction in 26 years. By closing corporate tax loopholes for some companies, we can afford to lower the corporate tax rate for all companies.

### Tax Reform by the Numbers

<b>\$500</b>	Every homestead will receive a property tax rebate of up to \$500
<b>\$1.4B</b>	\$1.4 billion in direct property tax relief to homeowners
<b>\$120M</b>	\$120 million increase in Local Government Aid and County Program Aid
<b>7<sup>th</sup> – 27<sup>th</sup></b>	Minnesota's sales tax rate goes from the 7 <sup>th</sup> highest to 27 <sup>th</sup>
<b>\$120M</b>	Cuts state business property taxes by \$120 million through 2017